

**MINUTES
of the
THIRD MEETING
of the
MILITARY AND VETERANS' AFFAIRS COMMITTEE**

**August 25, 2014
Grant County Business and Convention Center
Silver City**

The third meeting of the Military and Veterans' Affairs Committee was called to order by Representative Rodolpho "Rudy" S. Martinez, co-chair, on August 25, 2014 at 9:20 a.m. at the Grant County Business and Convention Center in Silver City.

Present

Rep. Rodolpho "Rudy" S. Martinez,
Co-Chair
Sen. Richard C. Martinez, Co-Chair
Rep. Nathan "Nate" Cote
Rep. Dianne Miller Hamilton
Rep. Bob Wooley

Absent

Sen. William F. Burt
Sen. Daniel A. Ivey-Soto
Sen. William H. Payne

Advisory Members

Rep. Eliseo Lee Alcon
Rep. Thomas A. Anderson
Rep. Dennis J. Roch

Sen. Craig W. Brandt
Sen. Carlos R. Cisneros
Rep. George Dodge, Jr.
Rep. Yvette Herrell
Sen. Timothy M. Keller
Sen. John Pinto
Sen. Cliff R. Pirtle
Rep. Edward C. Sandoval
Rep. Jeff Steinborn

Guest Legislator

Rep. Ernest H. Chavez

Staff

Jeret Fleetwood, Researcher, Legislative Council Service (LCS)
Peter Kovnat, Staff Attorney, LCS
Kathleen Dexter, Researcher, LCS

Guests

The guest list is in the meeting file.

Handouts

Copies of all handouts and other written testimony are in the meeting file.

Monday, August 25

Welcome

Mayor Michael S. Morones welcomed the committee to Silver City.

Grant County Veteran Health Issues

Chris DeBolt, director, Grant County Community Health Council (GCCHC); Priscilla Lucero, chair, GCCHC; and Armando Amador, veterans' sector member, GCCHC, gave a presentation on health issues faced by area veterans as compiled in the GCCHC's 2014 Community Health Improvement Profile. The profile was developed from data gathered in a community assessment survey conducted by the GCCHC in 2012. Nearly 650 veterans responded to the survey, which included questions on health and wellness issues, environmental health, economic health, access to health services and challenges to accessing health services. A shortage of local veterans' support and health care services topped the concerns in three categories, with nearly 40 percent of the respondents saying they have to travel outside Grant County to receive health care services because they are not available to veterans in the area. Other major concerns noted in the survey include substance and alcohol abuse; a lack of affordable housing; poor road conditions; wildland fire danger; homelessness; a need for more work force development; living-wage jobs and job skill training; and a lack of health insurance.

Based on the survey's results, the GCCHC recommends that:

- a veterans' service center be established in Silver City;
- health care providers be offered incentives to locate in Grant County and that a system be developed to expedite reimbursements from the federal Department of Veterans Affairs (VA) to those providers; and
- a transportation system with employed drivers, not volunteers, be developed to help veterans travel to out-of-county health care services when necessary.

On questioning, the presenters and committee members addressed the following topics.

Community assessment survey. The survey had a 24 percent response rate, the highest rate statewide for similar assessments. The average response rate for such surveys is 10 percent.

VA benefits and services. Nearly 500 veterans attended a stand-down event in Silver City in 2000, and the GCCHC helped many of them sign up for VA services. Some veterans will not sign up for benefits because they do not trust the government. Those who do have benefits sometimes have to travel as far as Albuquerque or Alamogordo for medical services because local health care providers cannot afford to take VA clients — the VA's reimbursement system is too slow. A VA system that allows for more local health care contracting and provides timely

reimbursements would help veterans in all rural areas of the state, not just Grant County.

Home rehabilitation. Funding for repairs to veterans' homes comes from programs in the U.S. Department of Agriculture (USDA) and U.S. Department of Housing and Urban Development (HUD). Some New Mexico Mortgage Finance Authority (MFA) programs use HUD funding for home rehabilitation and weatherization, but recently that funding has been cut by 50 percent.

Agent Orange. One of the health issues on the horizon for veterans and their families is the effects of Agent Orange, which affects both those exposed to it and the next generation.

Speaking from the audience on invitation of the chair, Alan Martinez, deputy secretary, Veterans' Services Department (VSD), noted that VSD representatives met with congressmen Steve Pearce (R, NM) and Jeff Miller (R, FL) regarding VA health care delivery problems in rural New Mexico. A pilot program has been set up in Roswell, with a central payment structure for VA reimbursements to local health care providers.

- ★ Deputy Secretary Martinez will provide contact information for the Roswell pilot program.

Update on SunZia Transmission Line Project

Tom Wray, project manager for the SunZia renewable energy transmission line project, gave an update on the recent federal Department of Defense decision to rescind its previous objection to the line route preferred by the Bureau of Land Management (BLM). The route, which crosses BLM and private land north of White Sands Missile Range (WSMR), falls outside the missile range but inside an area used for training flights based at WSMR and Holloman Air Force Base. As a compromise, the proposed line route will remain intact, but five miles of the line, in three segments, will be buried. Other provisions included in the compromise are mutual hold harmless covenants for damage to the line, with willful misconduct excluded; an agreement to coordinate transmission line construction activities with WSMR testing activities; and micro-siting of all tower locations. With the compromise agreement in place, SunZia will now complete its permitting process and begin construction on the transmission line by 2016. The projected commercial operation date for the transmission line is 2018.

On questioning, Mr. Wray and committee members addressed the following topics.

Line specifications. The SunZia line is permitted to transmit both AC and DC, and while it is rated to transmit 3,000 megawatts, the line will be built to accommodate an expansion to 4,500 megawatts. In the buried segments, each cable will be housed in five-inch pipe, and trenches will be six to seven feet deep, filled with thermal sand. The six stations where the line will transition from overhead to underground and vice versa will be inside fenced areas. Line loss in the buried sections will be comparable to, not greater than, the loss in the overhead sections. In any location where the SunZia line crosses any other line, such as gas or electric lines, there will be adequate

physical separation.

Renewable energy portfolio standards. The SunZia line will help New Mexico meet its renewable energy portfolio standard by harnessing local renewable energy and by delivering renewable energy to rural electric cooperatives.

Expansion and interconnections. The line could be extended eastward from the Corona substation, but SunZia does not plan to do so at this point. The federal government requires that SunZia allow interconnections from local generators; however, certain major interconnections are not possible because of regional separations mandated by Congress to prevent nationwide blackouts. The proposed Tres Amigas interconnection project in Clovis would tie three energy markets into one system, but SunZia does not currently have plans to be part of that project.

Government funding and tax credits. SunZia has not received any government funding for the transmission line project; the \$40 million spent to date has come from private investors. Until this year, wind generators qualified for federal tax credits, but those credits recently expired. No credits have ever been given to transmission line projects.

Southline transmission line project. The BLM's draft environmental impact statement for another transmission line project — Southline — covers some of the same general area as the SunZia line, though not the same route. Southline will not include wind resources and is not considered competition for SunZia.

Minutes

On a motion duly made, seconded and unanimously adopted, the minutes from the July 16, 2014 meeting were approved.

Low-Income Veteran Home Repair and Home Modification

Rose Garcia, executive director, Tierra del Sol Housing Corporation (TDS), Mike Rudloff, housing rehabilitation program manager, TDS, and Sergio Ruiz, TDS, gave a presentation on TDS home repair and modification projects that have benefited low-income veterans in a five-county region of southern New Mexico. Veterans are not the sole focus for TDS; the organization also serves the elderly and persons with disabilities. TDS programs include:

- a homeownership center, where prospective homebuyers can get counseling on and assistance with all steps involved in buying a home;
- a self-help housing program to help families who wish to build their own homes;
- a home rehabilitation program, which partners with HUD, the USDA, the MFA and private entities such as the McCune Foundation to make code-compliance, health, safety, sanitary and mobility improvements to homes;
- a homeownership preservation program to help homeowners avoid foreclosure;
- home rehabilitation and small business loans; and
- general counseling and education focused on obtaining, sustaining and maintaining a

home.

The presenters showed slides of many veterans' home repair and rehabilitation projects, all of which are put out to bid in an open bid process. While construction contracts are between the homeowner and the contractor, payment is handled by TDS, as are lien releases.

A 2013 survey reported that of the 171,000 veterans living in New Mexico, approximately 110,000 are over the age of 50, a time when many will need some level of home modification or repairs to accommodate their age. The survey also showed that more than 11 percent of New Mexico veterans live below the federal poverty level, and more than 11 percent of New Mexico veterans have a disability. A 2014 bill that would have appropriated \$2 million to the MFA to make home modifications and repairs for New Mexico's low-income veterans died in committee, and the presenters urged the committee to reintroduce the bill in the 2015 session, with the eligibility threshold adjusted to 80 percent of the area median income so that more veterans may benefit.

On questioning, the presenters and committee members addressed the following topics.

Funding. Federal funding for housing programs is dwindling, and TDS needs to fill the gap with funding from the state. One type of USDA grant still available is for so-called "504 projects", which can receive up to \$6,500 for home improvements. An appropriation request for housing project funding would have a better chance if it were presented to the Legislative Finance Committee during its budget hearings, which are taking place this week.

Project cost. Some TDS projects can cost up to \$80,000, but many can be done with as little as \$10,000, including emergency repairs, accessibility modifications and heating and cooling upgrades.

Sweat equity. Homeowner participation is prohibited on a contracted job because it is a liability for the contractor; however, TDS is willing to buy materials for a homeowner who wishes to do a portion of the work separate from the contracted portion of a job.

Home replacement. Programs funded through the MFA do not allow razing a home and rebuilding. Federal rules also prohibit this but do allow for replacing a mobile home.

On a motion duly made, seconded and unanimously adopted, the committee endorsed a bill appropriating \$2 million to the MFA to rehabilitate homes occupied by honorably discharged low-income veterans in New Mexico whose income does not exceed 80 percent of the area median income.

Western New Mexico University (WNMU) Veteran Outreach and Research

Joseph Shepard, Ph.D., WNMU president; Beth Walker, Ed.D., School of Social Work chair; Eric Senter, M.S.W., social work professor; and Kelly Clark, admissions officer, gave a

presentation on initiatives at WNMU that benefit both veteran students and area veterans. The university currently has very few veteran students, and only 12 of them are using VA educational benefits. In addition to increased outreach into the veteran community, WNMU hopes to establish a veteran center on campus with veteran student advisors, an initiative that will cost the university approximately \$600,000. The university also hopes to expand a virtual reality posttraumatic stress disorder (PTSD) treatment program that is currently under development in the School of Social Work and funded by a 2013 appropriation through the VSD. As part of the program planning phase, the school is considering how best to deliver virtual reality treatment, how it might offer master's-level certification for practitioners and how to recruit veterans to become certified practitioners. In addition to the \$600,000 necessary for the veteran center and advisors, Dr. Shepard will request \$300,000 in the upcoming legislative session to continue and expand the PTSD program so it can serve as a model for similar programs nationwide.

On questioning, the presenters and committee members addressed the following topics.

Attracting veterans. The web site militaryfriendlyschools.com currently does not designate any schools in New Mexico as "vet-friendly". To become more vet-friendly, WNMU has expanded its recruitment efforts to include counseling on opportunities in the area for both veterans and their spouses. The university also analyzes a veteran's military experience and coursework for possible transfer credits. Competency testing for credit is not in place but is under consideration, as is a certification process that would allow veterans to take their military skills directly into the workplace.

Veteran center. There are VA representatives on campus and faculty members who are veterans, but a veteran center would provide a centralized venue for contact and services. It would also help veterans get past their reluctance to ask for help and increase the likelihood that veterans will stay in school and graduate. The center would be housed in Bernard Hall, but WNMU needs funds to renovate the space.

Virtual reality PTSD treatment. Classes in the program are nearly always filled. While virtual reality PTSD treatment programs are available at other schools, WNMU would like to make its program a focus for the School of Social Work.

Storefront Small Lending Update

Steve Fischmann, former state senator, and Ms. Garcia gave an overview of storefront lending practices in the state and their effect on the state's economy and the poor, citing data from the Regulation and Licensing Department, the Attorney General's Office, The Pew Charitable Trusts, the Center for Responsible Lending, *Consumer Reports*, the Insight Center for Community Economic Development and personal research.

In 2012, New Mexico storefront loans that charged an annual percentage rate (APR) of more than 175 percent totaled \$216 million and garnered \$99 million in interest and fees. The average APR for these loans was 350 percent. The vast majority of these loans — 80 percent —

came from out-of-state entities doing business in New Mexico. Veterans and active duty military personnel are common storefront lending customers, along with single mothers, people with low incomes, people who rent their homes and people of color. Many of the customers are on some sort of government support payment or, in the case of military personnel, government paycheck. As demonstrated by his own visits to storefront lending entities posing as a construction worker whose sole income was disability checks, Mr. Fischmann noted that a lack of income beyond government assistance does not disqualify a customer from a loan — all six entities he visited were willing to loan to him, with no credit check required and no counseling offered.

New Mexico does not currently regulate most of the storefront lending industry. Payday loans, which have been regulated since 2007, account for only 15 percent of storefront lending in the state. Bringing the entire storefront lending industry under regulation and imposing a 36 percent cap on loan interest and fees would save the state's low-income population approximately \$89 million per year, nearly the same amount that would be saved if the minimum wage were increased to \$9.50 per hour. Eighteen states have imposed caps on storefront loans, and the federal government has imposed a cap nationwide on loans made to armed forces personnel, citing national security concerns.

Some private entities, such as community development financial institutions (CDFIs), will buy out a person's storefront loan and restructure the loan for payoff at a manageable APR ranging from 16 percent to 34 percent. Mr. Fischmann recommends that the committee endorse a memorial asking the State Investment Council to consider investing in CDFIs and endorse legislation imposing a 36 percent cap on interest and fees for all non-bank loans.

On questioning, the presenters and committee members addressed the following topics.

Interest and fees. The average loan-loss ratio for storefront lending entities is nine percent, and high interest rates and fees are necessary in order to make a profit lending to a risky population. The Las Cruces Veterans Advisory Board and the Las Cruces City Council voted unanimously to support a 36 percent cap on interest and fees, and the council sent a letter to the governor and legislature in support as well. There is some disagreement over whether local governments have the power to limit interest and fees, and the University of New Mexico law school is researching the matter.

Use of storefront loans. Some people take out storefront loans to pay living expenses, such as utility bills, because they are not aware that extended payment plans are available. Many take out loans for emergency expenses and some for "bad decisions".

Lack of options. Banks and credit card companies generally will not loan to low-income customers, leaving them no option other than a storefront lending entity because there is currently no lending structure between banks and storefront lending entities. If the storefront and payday lending industry is shut down, low-income people would have nowhere to go.

Counseling and consumer education. The federal Dodd-Frank Wall Street Reform and Consumer Protection Act requires counseling for homebuyers, and the rate of foreclosures and defaults has decreased since the requirement went into effect. A similar requirement for storefront lending entities could prevent the problems some customers are having.

Pawn shops. Pawn shops would not be affected by the proposed 36 percent cap on storefront lending interest and fees.

On invitation of the chair, Javier Ali of Sun Loan Company described the merits of storefront lending as a way to provide loans to those who would not otherwise have access to credit. He stated that his company looks at how long a customer has been in a job and in a residence, and while credit checks are run on customers, the results of a credit check do not affect the interest rate charged to a customer. He also stated that a portion of interest that is charged on a loan is refunded if the loan is paid off on time.

Naprapathy for Treatment of PTSD

Patrick Nuzzo, D.N., founder, Southwest University of Naprapathic Medicine (SUNM), gave a presentation on PTSD treatment through naprapathy, a treatment modality that is based solely on physical manipulation and, thus, avoids the potential for drug reactions and addiction seen in some pharmaceutical treatments. Practice of naprapathic medicine has been regulated in New Mexico since 2003 and is also regulated in Illinois, Arizona and Colorado. Treatment is covered by many insurance policies.

Dr. Nuzzo presented a study conducted pursuant to House Memorial 27 (2013) that followed nine veterans diagnosed with PTSD for a 10-week period of naprapathic treatment. Results from patient surveys completed prior to, during and following the course of treatment show reductions in pain intensity, sleeping difficulties, financial difficulties caused by the veterans' physical conditions, physical activity limitations and catastrophizing. Dr. Nuzzo recommended that the study be continued and expanded, with VA participation. He urged committee members to endorse an appropriation to pay for treatment of the veterans in the program and for compilation data on treatment results.

On questioning, Dr. Nuzzo and committee members addressed the following topics.

VA participation. The VA is waiting to see further results from naprapathic PTSD treatment before participating itself; however, the VA does pay tuition for veterans pursuing certification in naprapathic medicine as a post-military career.

Study participants. Three of the study's participating veterans were women, and their results did not differ from those of the male veterans.

SUNM. The school was founded in 2010 and will graduate its first class in October. There are currently nine students enrolled at the school, and veteran students will begin the program in

January 2015. SUNM is in the process of applying for Title IV funding for student financial aid.

New Mexico State Veterans' Home (NMSVH) Update

Lori S. Montgomery, administrator, NMSVH, gave an overview of current needs at the NMSVH, which is a Department of Health (DOH) facility. There are 145 beds available, with a multilevel care structure that includes skilled nursing care, intermediate care and assisted living. The facility generates its own operating revenue; however, operating costs currently exceed expenses, and the NMSVH needs a \$1 million supplemental appropriation through the DOH to continue its work. It also needs to build a new Alzheimer's unit. In its application to the VA for construction funding for the unit, the NMSVH cited a statewide need for 417 beds for veterans with Alzheimer's disease while only 264 beds exist. The VA approved the application and appropriated \$23 million for the project, and the state appropriated \$11 million in matching funding. The federal funding has not yet arrived, however, and Ms. Montgomery urged the committee members to keep the state matching funds intact until the federal money is available, which may not be until 2015.

On questioning, Ms. Montgomery and committee members addressed the following topics.

NMSVH services and eligibility. Requirements for admission to the NMSVH include 60 days of military service with an honorable discharge and medical needs that can be met by the facility. The VA will refer veterans to the NMSVH unless they prefer to receive care closer to home. Most medical care is provided on site, and the NMSVH will provide transportation to VA facilities in Albuquerque or El Paso if further care is necessary. Veterans with a 70 percent or greater disability designation receive all services for free; others are charged on a sliding fee scale. There is no required length of stay; veterans may stay for a month or for decades.

Additional veterans' facilities. The VSD is considering doing a study on the need for additional veterans' residential and nursing care facilities around the state, including hybrid care such as that provided at the Fort Bayard Medical Center.

Adjournment

The committee adjourned at 3:35 p.m.